

*Michigan Infrastructure &  
Transportation Association*

# ROADS & BRIDGES

# FUNDING

Roads and bridges in Michigan are funded by user fees— gas taxes and registration fees.

## ❖ User Fees

- ◆ Federal Gas Tax = 18.4 cents/ gallon
- ◆ State Gas Tax = 19 cents/ gallon in Michigan
- ◆ Registration Fees = Based on value of a vehicle
- ◆ Toll Roads (none in Michigan)

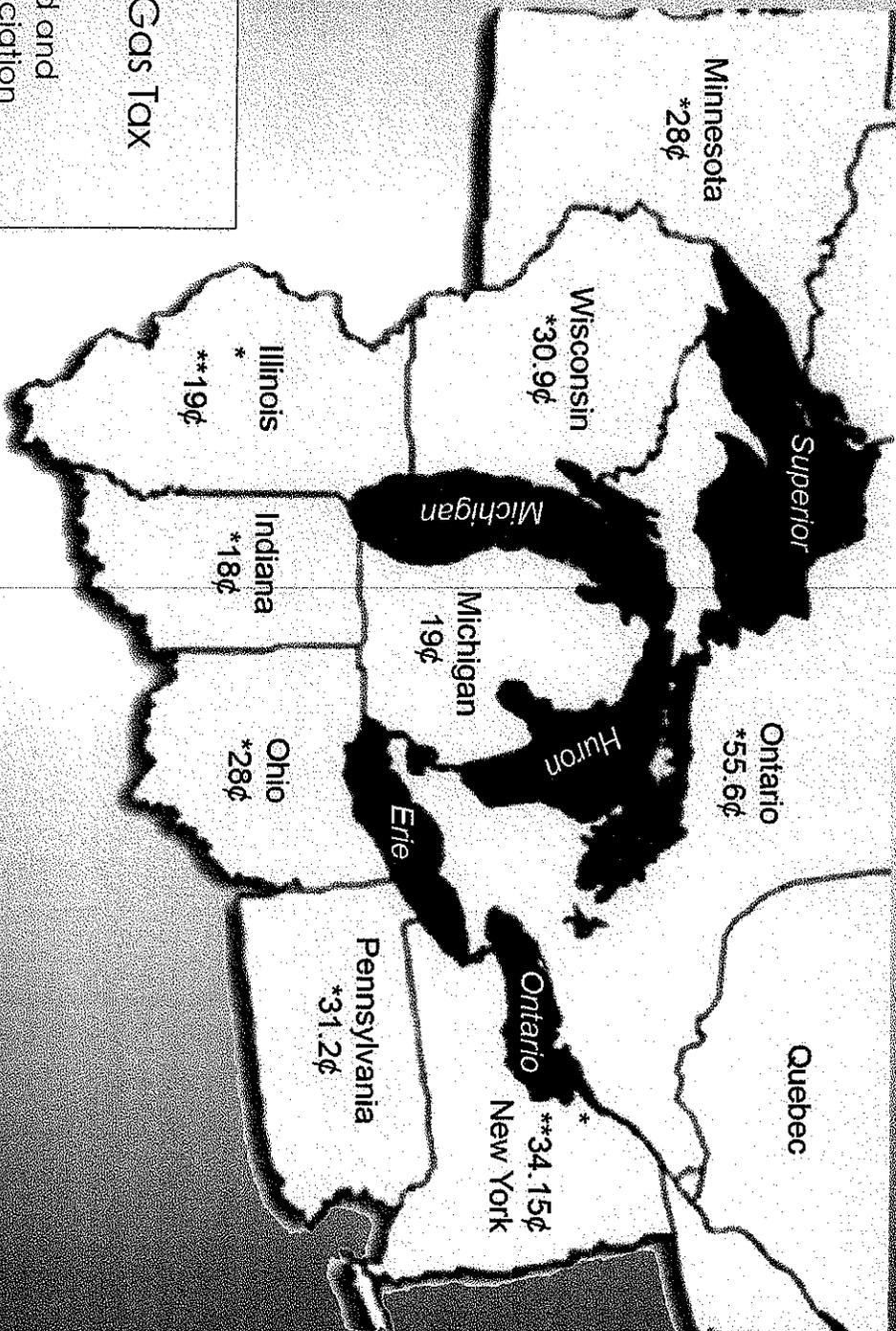
## ❖ Sales Tax

- ◆ Some states allocate sales tax to transportation investment. Michigan collects 6% sales tax on gasoline purchases, a vast majority of which is not used for transportation purposes.

# ROADS & BRIDGES

## COMPARISONS

Michigan's gas tax is one of the lowest in the Great Lakes region.



\* Toll Roads

\*\* Local Option for Gas Tax

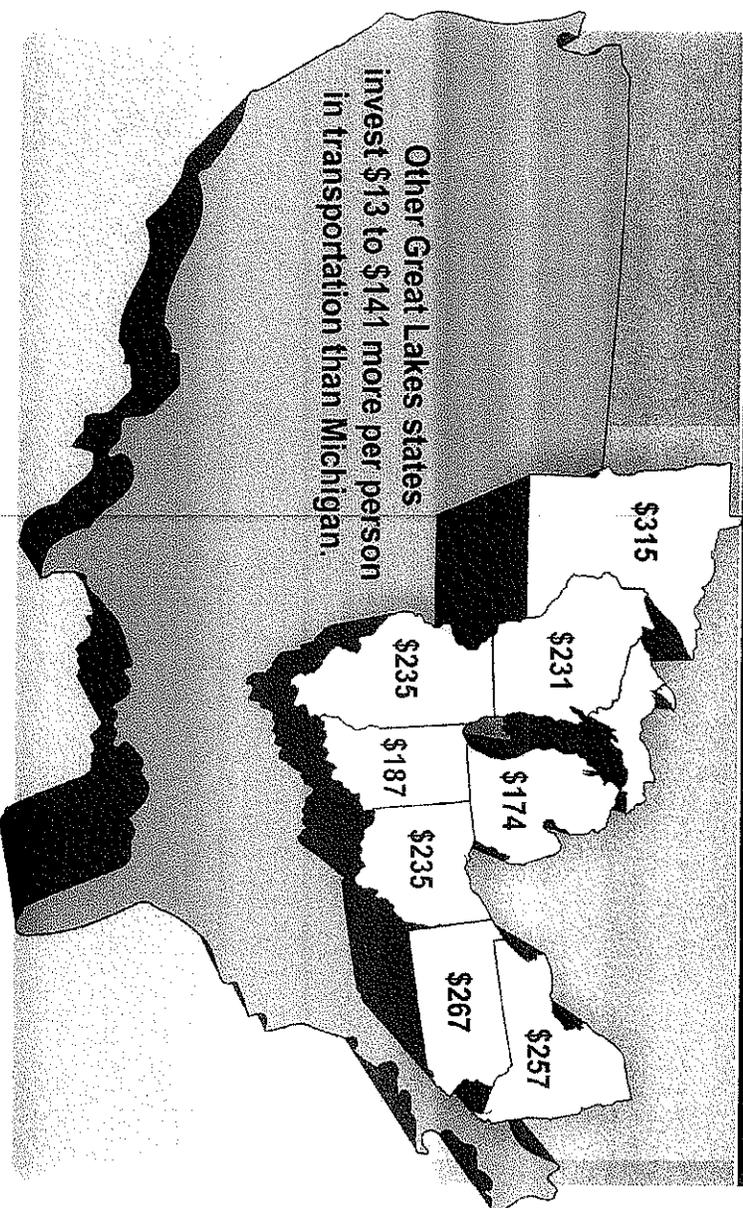
Source: the American Road and Transportation Builders Association

# ROADS & BRIDGES

# COMPARISONS

Michigan's investment in transportation per capita is the lowest among neighboring states.

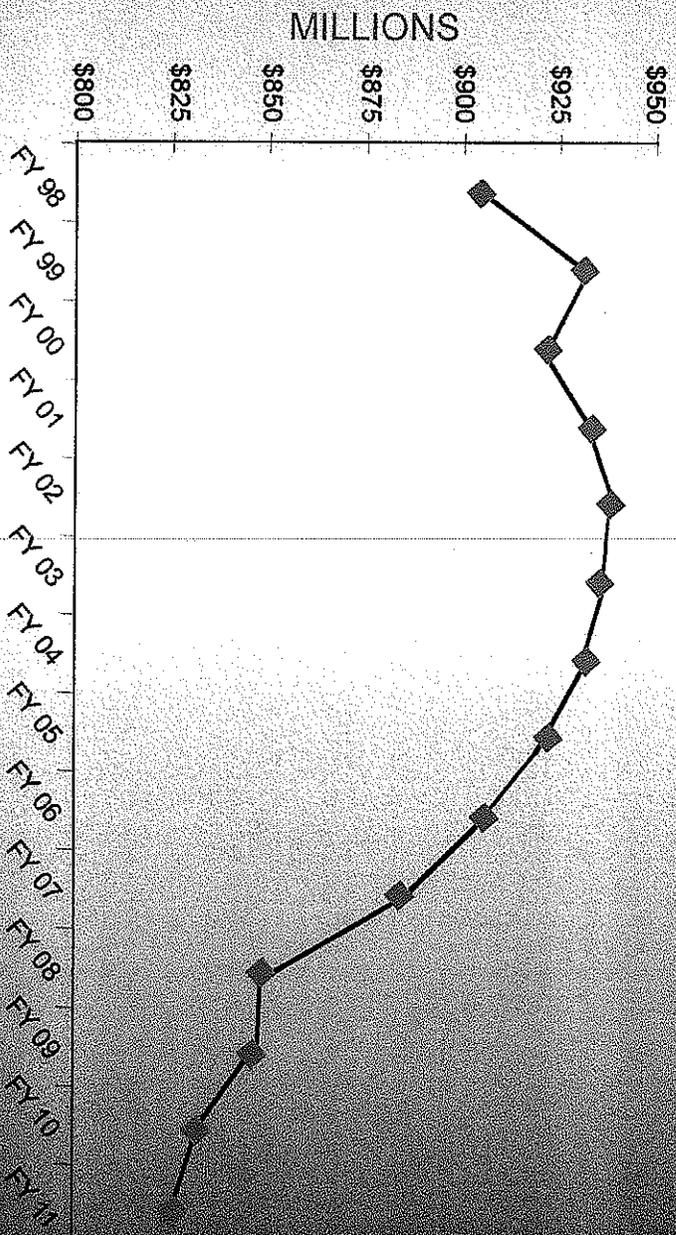
## Transportation Investment Per Capita



# ROADS & BRIDGES REVENUE

Our gas tax revenue has declined steadily since 2005 while the cost of materials used to rebuild our infrastructure continue to rise.

Michigan Gasoline Tax Revenue



Source: Michigan Department of Treasury

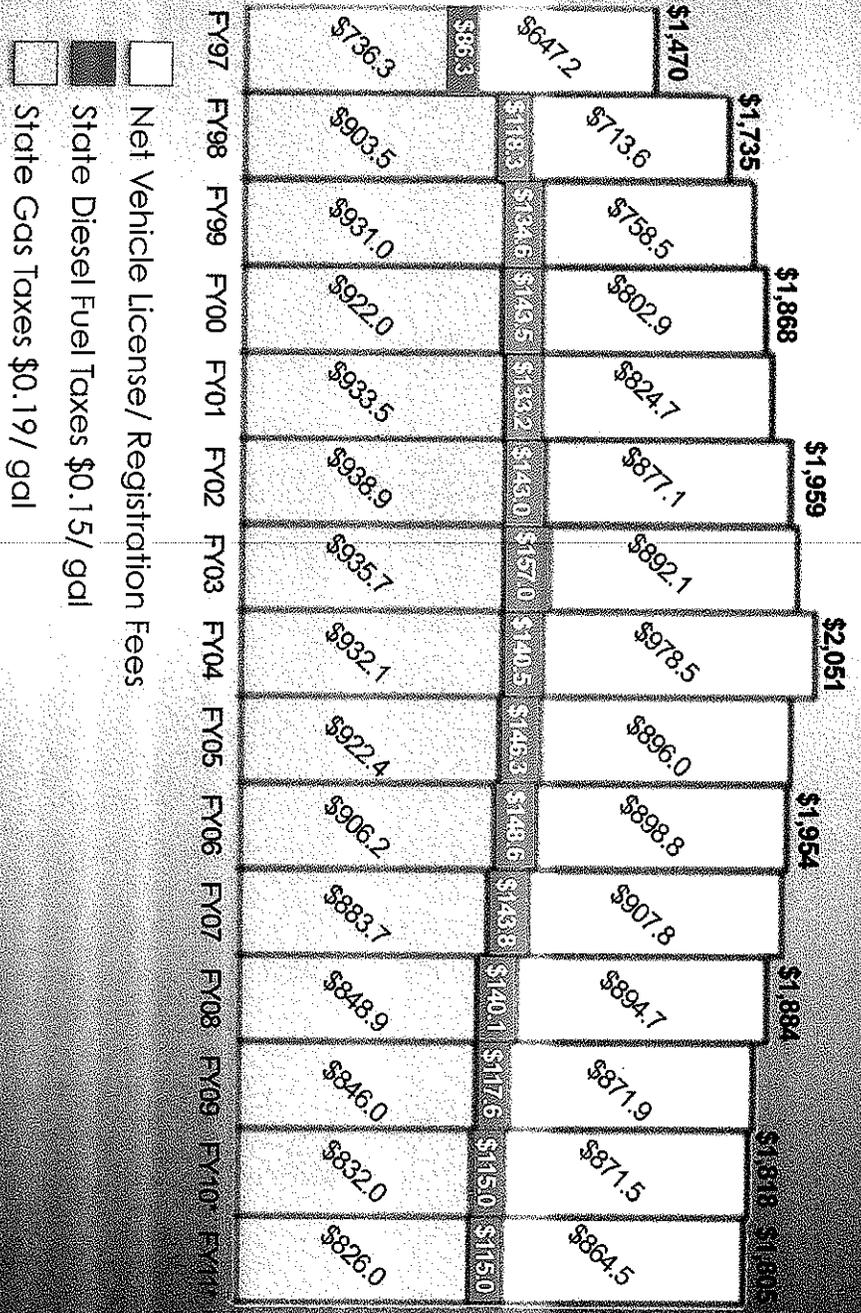
# ROADS & BRIDGES

# REVENUE

Similar to gas tax revenue, our overall transportation revenue has also declined steadily since 2005.

Transportation Revenue

MILLIONS OF DOLLARS

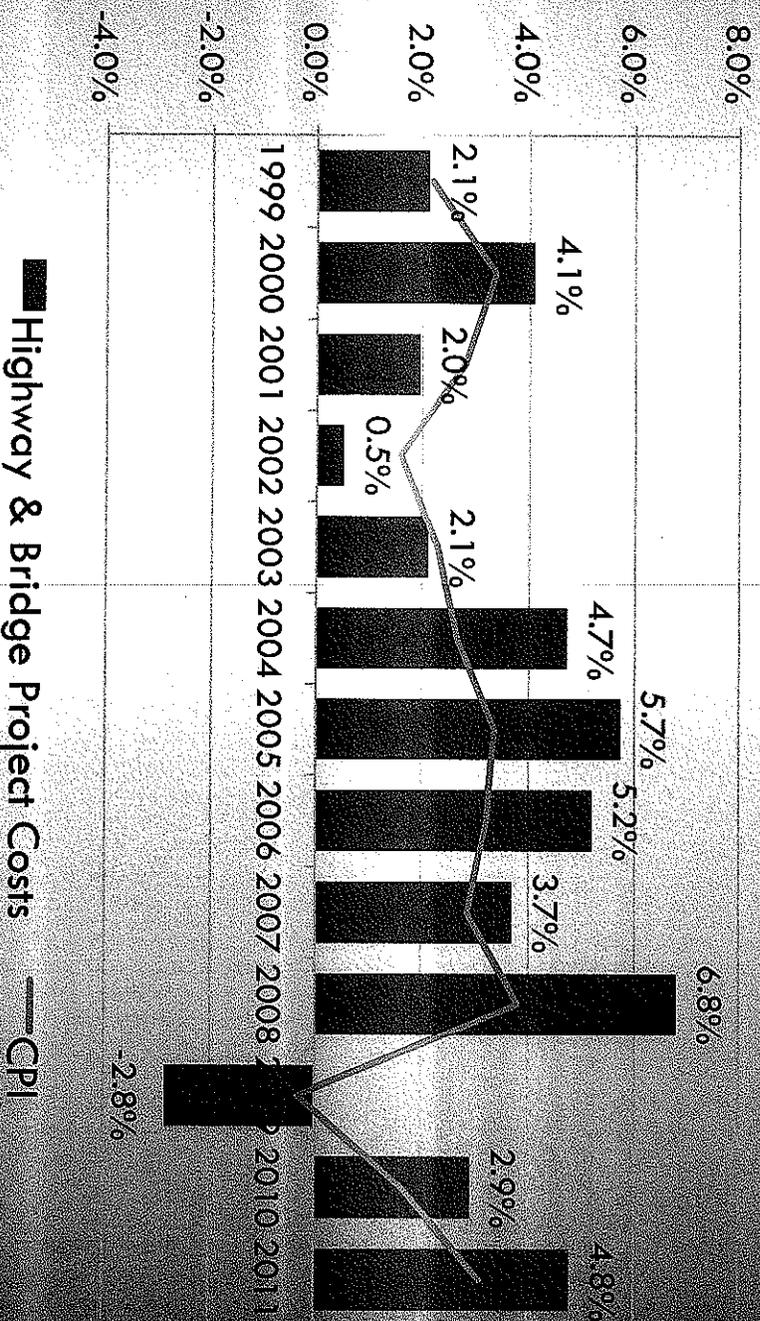




# ROADS & BRIDGES

# RISING COSTS

Annual Change in Construction Price Index



Prices for highway & bridge construction outpace inflation nationwide

■ Highway & Bridge Project Costs    — CPI

Source: American Road & Transportation Builders Association

# ROADS & BRIDGES

# RISING COSTS

## Materials Price Inflation 2008 - 2012

Percentage Increase

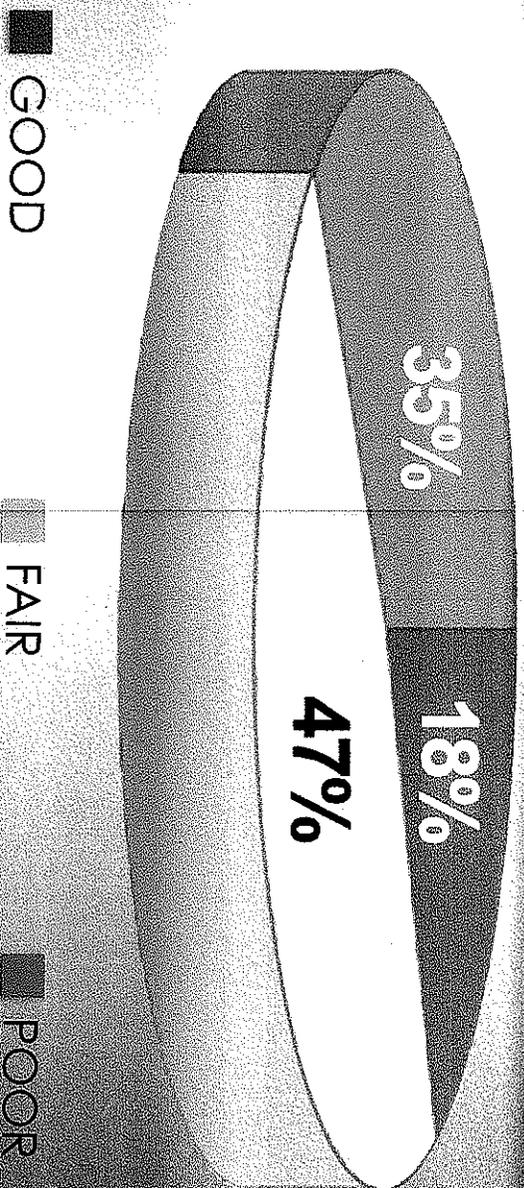
	2008	2009	2010	2011	2012
Asphalt Paving	22.3	0.7	4.3	6.1	1.0
Concrete Paving	6.3	2.9	-4.4	-1.3	2.8
Structural Steel	10.3	-2.8	0.0	5.1	1.0
Equipment	2.8	3.2	3.5	3.9	10-14
Diesel Fuel	-30.0	19.0	14.0	23.0	-2.0

Significant material and equipment price increases erode available resources

Source: HIS Global Insight Inc., U.S. Energy Information Administration

# ROADS & BRIDGES CONDITIONS

Current Road Conditions  
2010 Pavement Condition (Federal aid)



Currently, only  
18% of  
Michigan  
roads are in  
good  
condition.

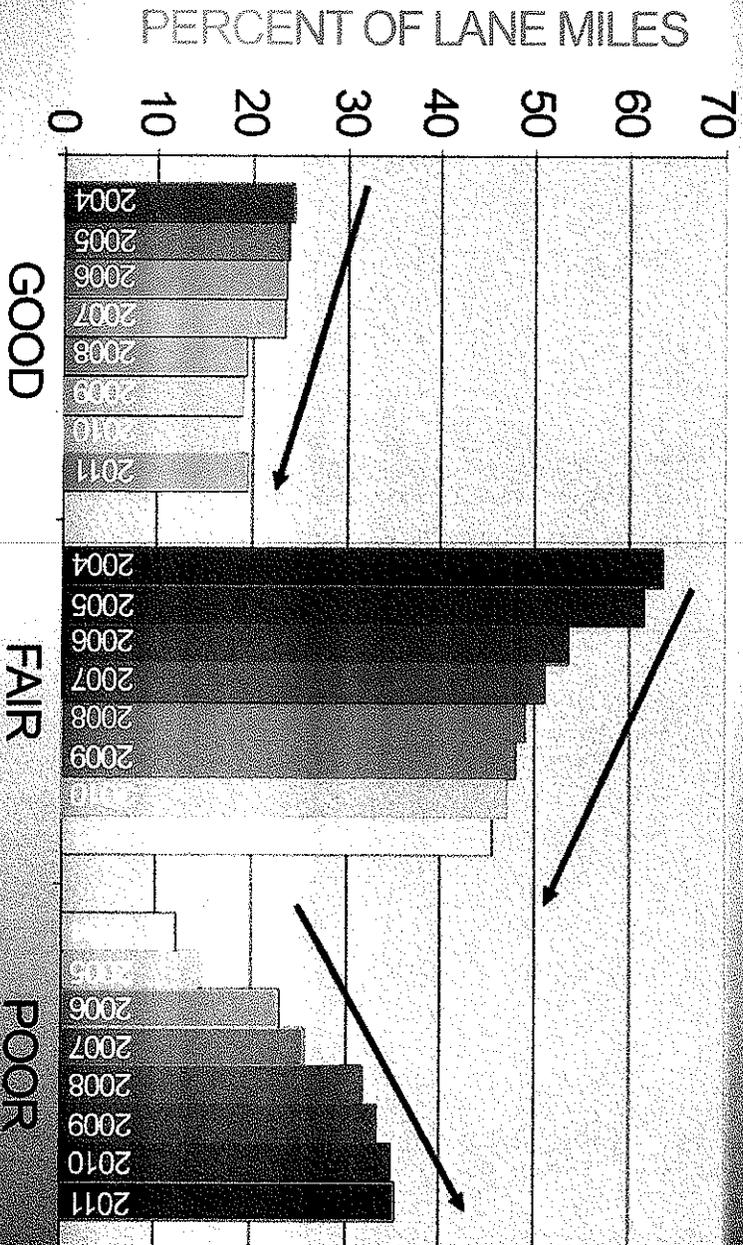
Source: TAMC 2010 PASER Data Collection Figure 1

# ROADS & BRIDGES

# CONDITIONS

The percentage of good and fair roads continues to decline while the percentage of poor roads continues to rise.

2004-2011 Pavement Condition of Federal Aid Eligible Roads



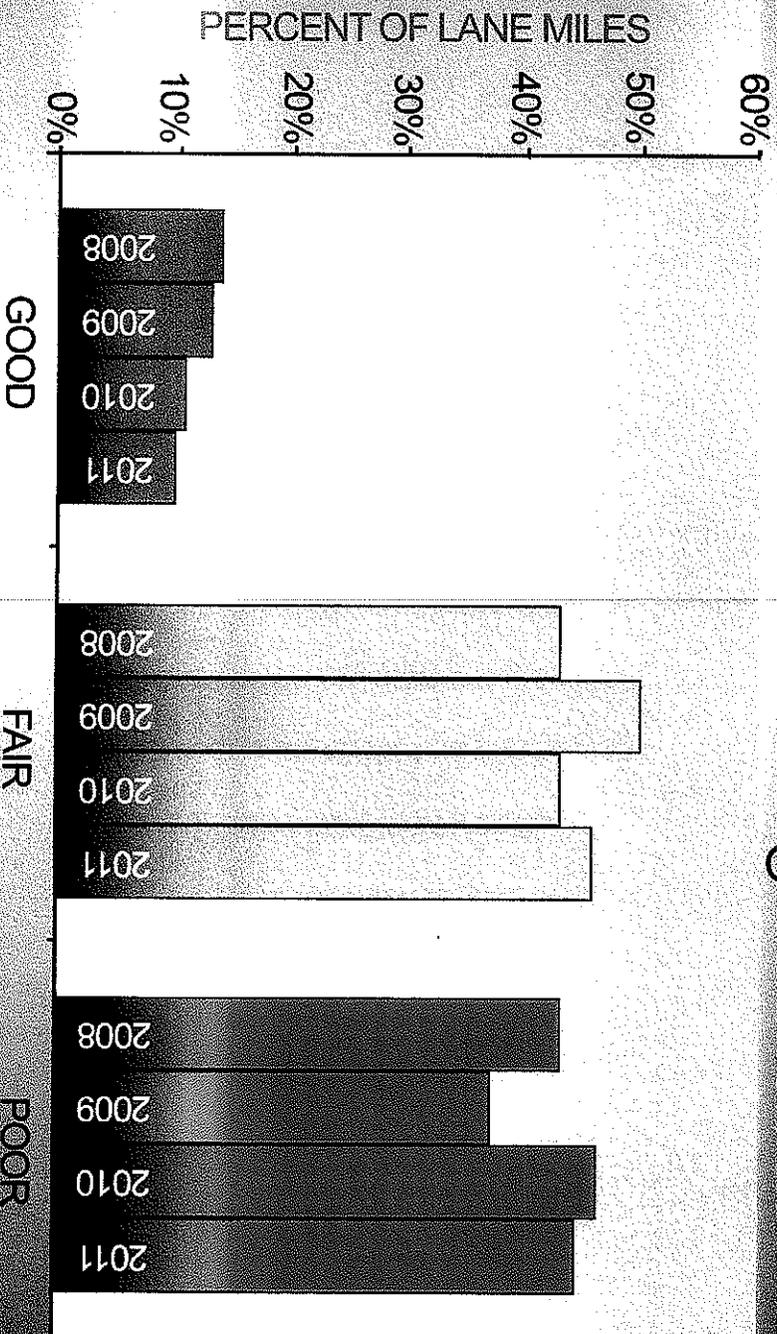
Source: Michigan Transportation Asset Management Council

# ROADS & BRIDGES

# CONDITIONS

The condition of our local roads are worse than federal-aid eligible roads.

## 2008-2011 Pavement Condition of Non-Federal Aid Eligible Roads



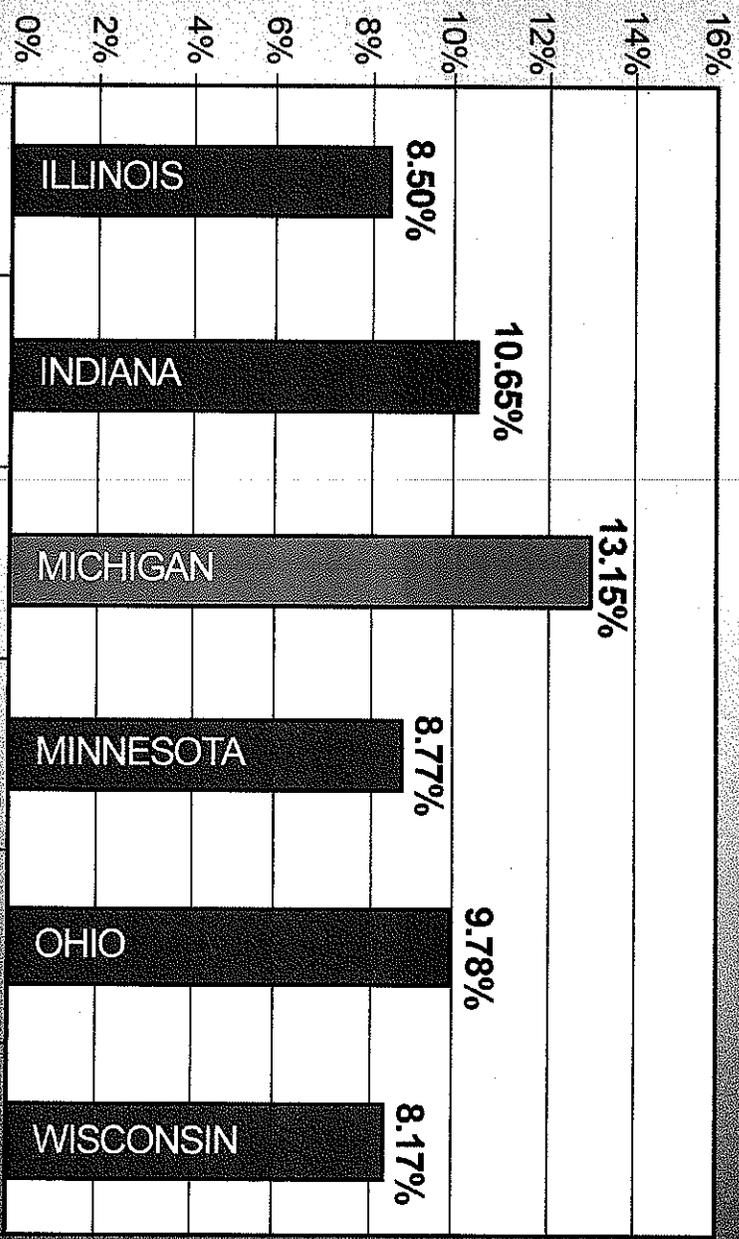
Source: Michigan Transportation Asset Management Council

# ROADS & BRIDGES

# CONDITIONS

Compared to other Great Lakes States, Michigan has the highest percentage of bridges that are rated structurally deficient.

PERCENT OF STRUCTURALLY DEFICIENT BRIDGES



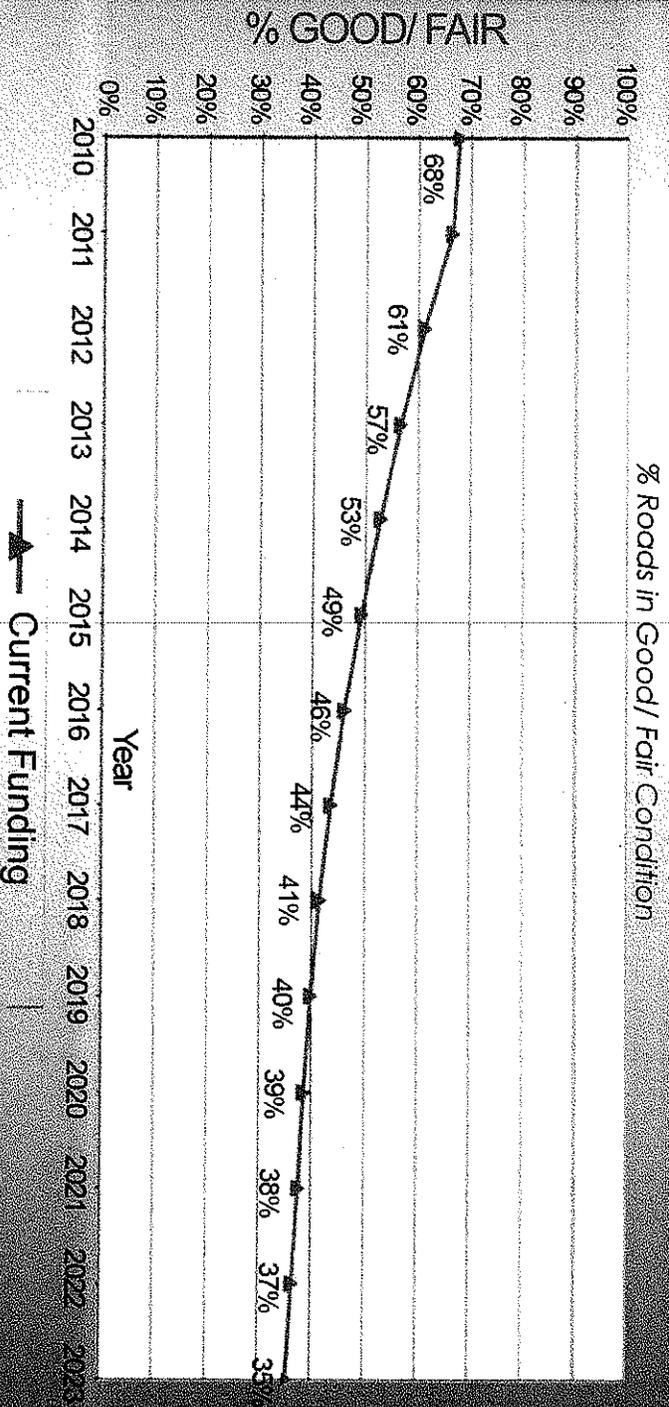
Source: MDOT April 2011, Figure 2

# ROADS & BRIDGES THE DECLINE

Under the current investment strategy, the future is bleak. By 2023, 65% of Michigan roads will be rated in poor condition.

## Future Projections Under The Current Revenue Structure

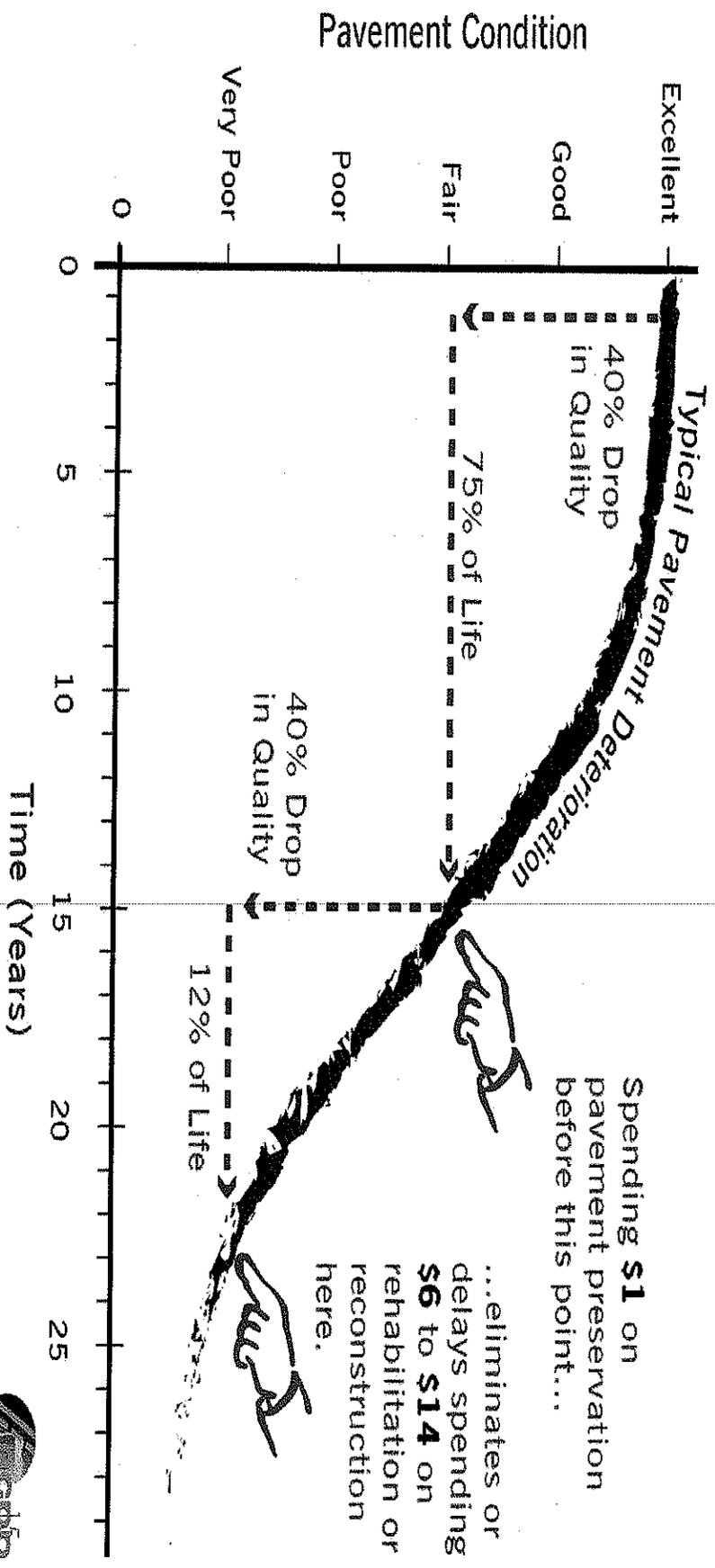
All Paved Federal-Aid Eligible Roads



Source: A special message by Gov. Rick Snyder, Reinventing Michigan's Infrastructure, Better roads drive better jobs  
 Analysis: Anderson Economic Group, LLC (2012)

# ROADS & BRIDGES ASSET MANAGEMENT

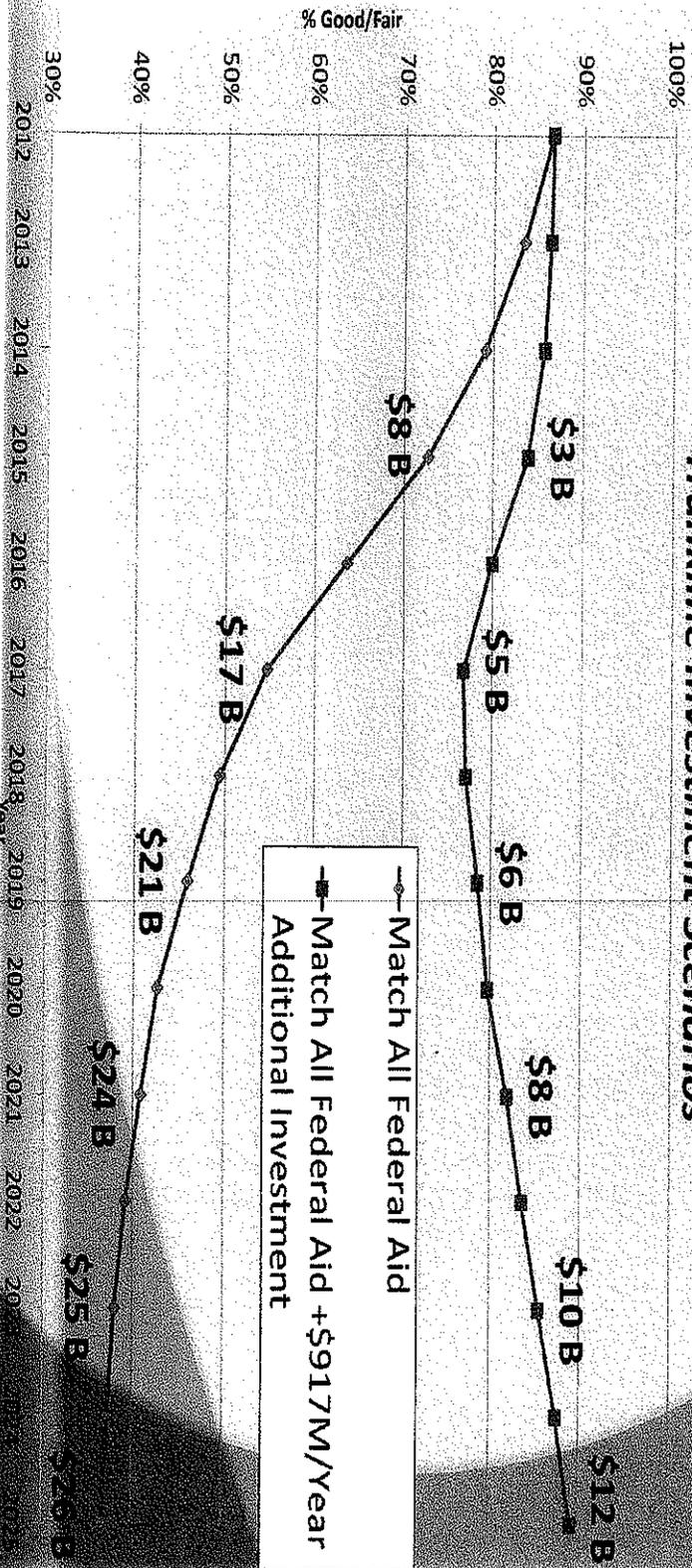
PAVEMENT PRESERVATION IS COST EFFECTIVE



# ROADS & BRIDGES SAVINGS

## PAY NOW OR PAY LATER

Trunkline Investment Scenarios





# ROADS & BRIDGES REPORTS

- ❖ Transportation Funding Task Force (TF2) – November 2008
  - If Michigan's transportation system is to continue to serve the state adequately, our investment in transportation must increase significantly.
  - Recommended investing an additional \$3 billion annually into Michigan's transportation system, not limited to maintaining the state's roads and bridges.
- ❖ Anderson Economic Group Report – May 2010
  - Found that the benefits to the state and its residents of increasing our road funding and improving our roads are very large, and far offset the cost of the higher gas taxes necessary to support that expenditure.
  - An investment of an additional \$2 billion would create a net increase of over 15,000 new jobs.
- ❖ The Road Information Program (TRIP) – March 2012
  - Found that the average Michigan driver pays \$357 annually in unnecessary repairs to their vehicles due to poor roads, on average \$80 more than surrounding states.
  - We can potentially save 1,000 lives over the next 10 years if we improve the conditions of our roads and bridges.



# ROADS & BRIDGES

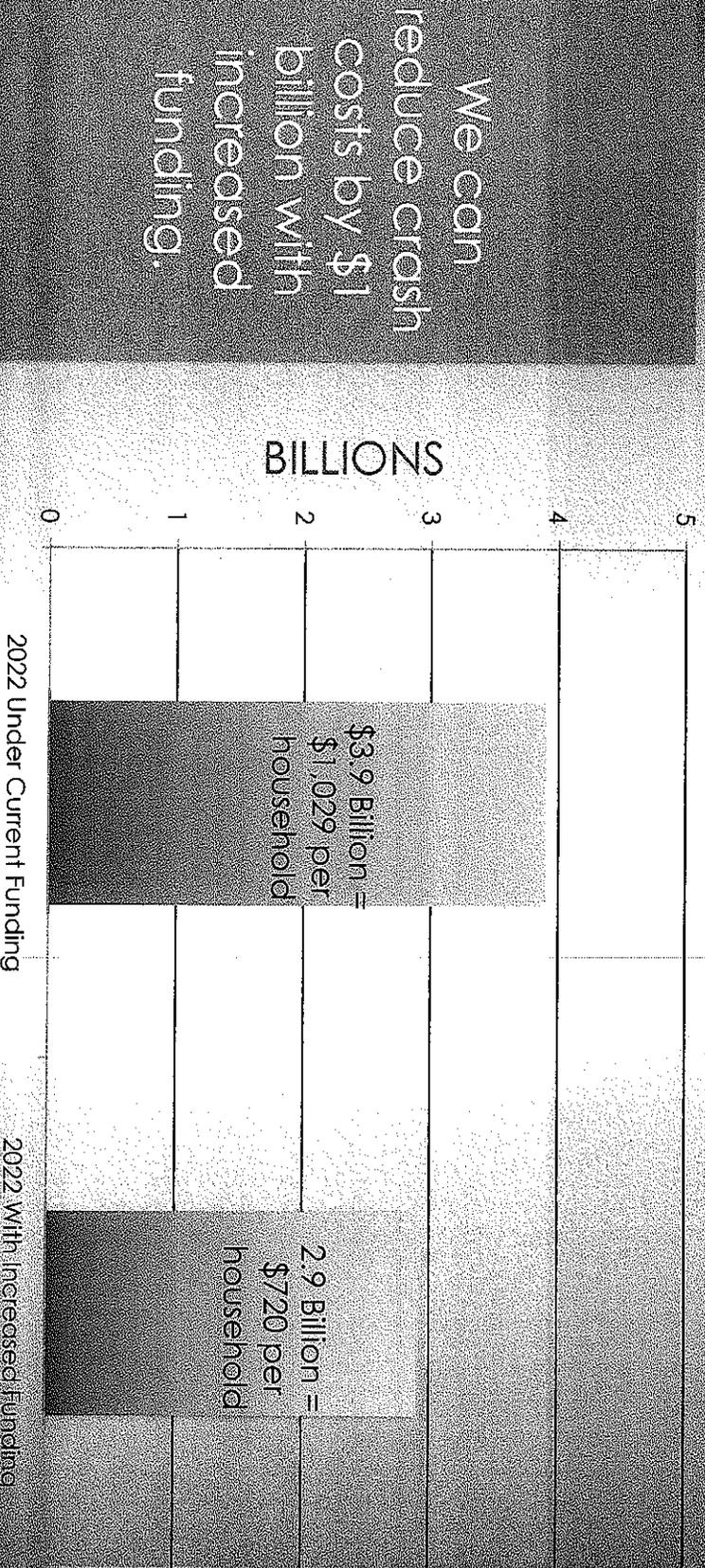
# REPORTS

- ❖ Anderson Economic Group Report – June 2012
  - Studied the economic impact of four possible scenarios that would increase funding for roads in Michigan by \$1.4 billion per year.
  - All four scenarios for increasing road funding in Michigan by \$1.4 billion annually result in a net increase of 11,000 or more jobs in the state.
- ❖ Michigan House Transportation Committee Report (Representative Rick Olson) – September 2011 and March 2012
  - Studied the conditions of our roads and bridges to determine how much additional revenue was needed annually to maintain them.
  - The report does not include any new or widened roads to improve capacity or relieve congestion nor does it consider any transit issues.
  - Concluded in September 2011 that \$1.4 billion more revenue per year would be needed to maintain our roads and bridges.
  - An update to the report in March 2012 showed that the amount of additional investment needed on an annual basis increased to \$1.5 billion.

# ROADS & BRIDGES

# SAFETY

Projected Michigan Statewide Annual Fatal Crash Costs  
By 2022



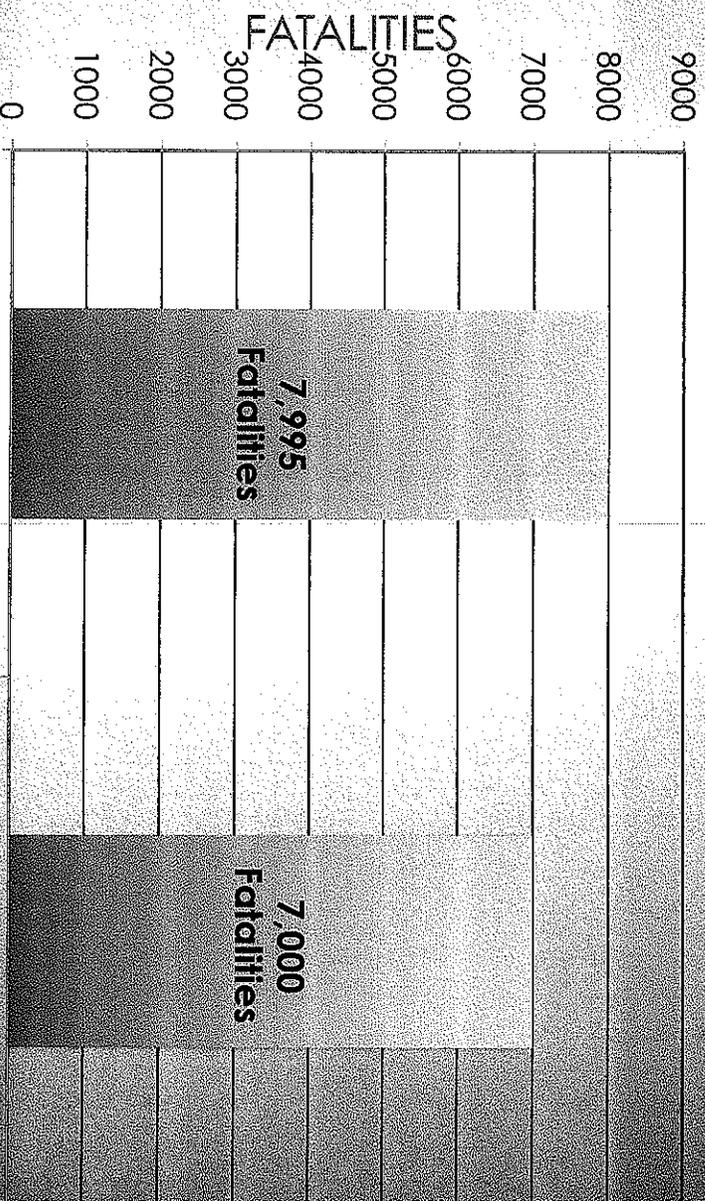
\* Based on information from The Road Information Program, "Where Are We Going 2012?"

# ROADS & BRIDGES

# SAFETY

## Projected Michigan Traffic Fatalities Between 2012-2022

We can save 100 lives annually with increased funding.



\* Based on information from The Road Information Program, "Where Are We Going? 2012"

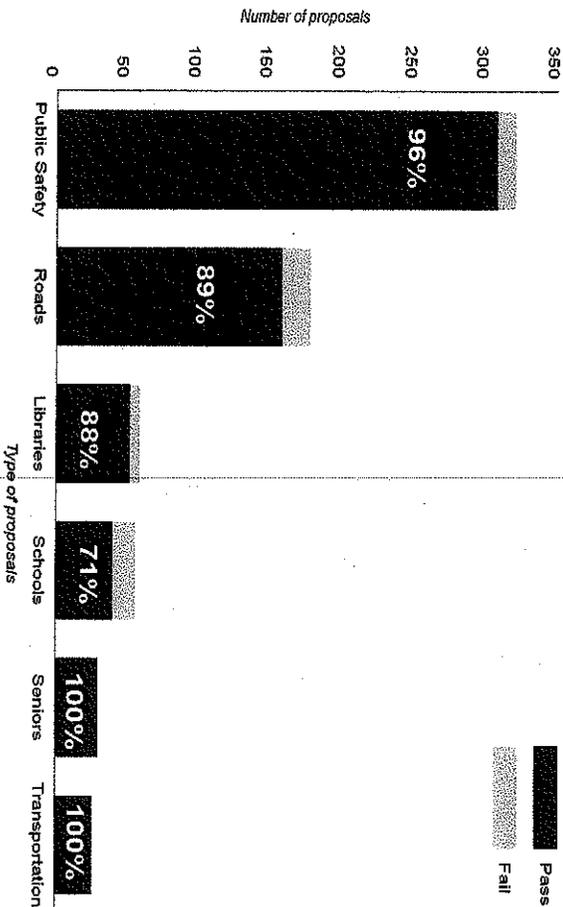
# ROADS & BRIDGES

# PUBLIC SUPPORT

Many communities recognize the need to improve their roads and bridges and voted in favor of increasing their millages to pay for those improvements.

## Millage Proposal Approval Rates

Michigan Primary | Aug. 7, 2012



\* Based on information from BRIDGE MAGAZINE, August 2012.